



State of Hawaii

**CONSOLIDATED ANNUAL PERFORMANCE
AND EVALUATION REPORT
(CAPER)**

**For Program Year 2003
(July 1, 2003 - June 30, 2004)**

(Concentrating on the Counties of Hawaii, Kauai, and Maui)

August 30, 2004

Prepared by:
Housing and Community Development Corporation of Hawaii
677 Queen Street, Suite 300
Honolulu, Hawaii 96813



CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER)

Report Period:

July 1, 2003 to June 30, 2004

Name and Address of Grantee:

**State of Hawaii
Housing and Community Development
Corporation of Hawaii
677 Queen Street, Suite 300
Honolulu, Hawaii 96813**

Grant:

**HOME Investment Partnership Program
Emergency Shelter Grant
Housing Opportunities for Persons
with AIDS**

The grantee's authorized representative certifies that:

- a. To the best of his/her knowledge and belief the data in this report was true and correct as of the date of the report.
- b. The records described in 24 CFR 570.506 are being maintained and will be made available upon request.
- c. Activities have been carried out in compliance with the certifications submitted with the application, and future activities will be carried out in compliance with the certifications.

Name and Title of Authorized Representative
(Type/Print)

**Stephanie Aveiro
Executive Director**

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Signature of Authorized Representative

Date

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EXECUTIVE SUMMARY

The State Consolidated Annual Performance and Evaluation Report (CAPER) is an annual report submitted to the U.S. Department of Housing and Urban Development (HUD) that assesses the State of Hawaii's performance in meeting the goals, priorities, and objectives of its Consolidated Plan. The Consolidated Plan is a five-year strategy (July 1, 2000 – June 30, 2005) for the investment of federal resources to address the affordable housing and homeless needs in the state, primarily on the rural island counties of Hawaii, Kauai, and Maui.

This CAPER focuses on the administration of the HOME Investment Partnership (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG) programs by the Housing and Community Development Corporation of Hawaii (HCDCH) and the rural island counties for the period of July 1, 2003 to June 30, 2004.

Priorities and Objectives

The State of Hawaii's 2000 to 2004 Consolidated Plan priorities for assisting very low, low and moderate-income households are as follows:

- Increase the development of long-term affordable rental projects statewide.
- Provide increased financial and other types of assistance to needy households.
- Preserve and revitalize existing affordable housing.
- Provide increased opportunities for first-time homebuyers.
- Provide a continuum of housing and support services for homeless persons and families to enable them to achieve greater independence and stability.
- Provide housing and support services for persons with special needs.

The affordable housing strategies for 2000-2004 are summarized as follows:

Target group	Objective	HOME fund allocation	Measures of effectiveness	2000-2005
Extremely low, low and moderate income	Increase supply of affordable rental units	37% of HOME	# of affordable rental units	105 units
	Provide rental assistance		# of eligible households receiving rental assistance	300 households
Non-homeless special needs	Increase supply of supportive housing	15% of HOME	# of units	50 units
First-time homebuyers	Increase supply of affordable for-sale units	33% of HOME	# of units	110 units
Existing affordable housing stock	Rehabilitation activities	5% of HOME	# of units	30 units

Strategies to assist persons with HIV/AIDS and persons who are not homeless but require supportive housing for 2000-2004 are as follows:

Target population	Strategy	HOPWA fund allocation	Measures of effectiveness	2000-2005
Persons with HIV/AIDS	Tenant based rental assistance for persons living in the rural areas.	70% of HOPWA	No. of persons with HIV/AIDS provided rental assistance	18
Persons with HIV/AIDS	Housing information and support services for persons living in the rural areas.	30% of HOPWA	No. of persons with HIV/AIDS assisted	360

2000-2004 homeless strategies will provide a continuum of care as follows:

Target population	Strategy	ESG fund allocation	Measures of effectiveness*	2000-2005
Unsheltered homeless	Assistance provided by outreach vans and personnel	20% of ESG	No. of unsheltered persons assisted	1,900
Sheltered Homeless	Supportive services in emergency and transitional shelters	80% of ESG	No. transitioning to permanent housing	5,000

*Double counting may have occurred

Accomplishments during the 2003-2004 program year

In 2003-04, the State received \$3,443,000 in federal funding under the following programs:

HOME	\$ 3,090,000
ESG	177,000
HOPWA	<u>176,000</u>
	\$ 3,443,000

The HCDCH distributed \$1,000,000 in HOME funds each to the Counties of Hawaii and Kauai (with \$1,000,000 in HOME funds available for the County of Maui remaining uncommitted). \$171,700 in ESG funds was also awarded to homeless providers in the rural areas through a competitive request for proposals process. Additionally, \$170,720 in HOPWA funds was

competitively awarded to the Maui AIDS Foundation to provide housing and support services for persons with HIV/AIDS in the rural island counties.

During Program Year 2003-04, the following accomplishments were made in priority areas:

Priority Goals and Accomplishments in 2003-04
<p>Increase the development of long-term affordable rental projects statewide.</p> <ul style="list-style-type: none"> Conditionally committed an additional \$150,400.00 in FY 2002 CHDO funds to further assist Lokahi Pacific's development of its Wailuku Small Business Market Center, providing 4 one-bedroom long-term rental housing units within the market center. Conditionally committed an additional \$927,000.00 in FY 2003 HOME CHDO funds to further assist Hawaii Island Community Development Corporation's development of the Kamuela Senior Rental, a 32-unit rental for low and very low income seniors.
<p>Provide increased financial and other types of assistance to needy households.</p> <p>No activity.</p>
<p>Preserve and revitalize existing affordable housing.</p> <p>No activity.</p>
<p>Provide increased opportunities for first-time homebuyers.</p> <ul style="list-style-type: none"> Conditionally committed \$500,000.00 in FY 2003 HOME funds to the Self-Help Housing Corporation of Hawaii's Puhi Self-Help Housing Project, which will provide 42 affordable single family housing units using a self-help building method. HCDCH provided a one-time \$30,000.00 reallocation of its HOME administrative funding to each of the Counties of Hawaii, Kauai and Maui, for a total of \$90,000.00. The purpose of this reallocation is to assist the Counties in the immediate start up of a new first-time homebuyers activity, or modification of an existing first-time homebuyers program to be able to incorporate the American Dream Downpayment initiative funding anticipated to be received with the FY 2004 HOME allocation.
<p>Provide a continuum of housing and support services for homeless persons and families to enable them to achieve greater independence and stability.</p> <ul style="list-style-type: none"> Conditionally committed \$150,400.00 in FY 2002 CHDO funds and an additional \$427,000.00 in FY 2003 CHDO funds to assist Kauai Economic Opportunity, Inc.'s development of its KEO Transitional Housing Project, providing 8 HOME assisted units to support the transition of working homeless to permanent housing. Completed the Lihue Transitional Housing Project, through the rehabilitation of Building No. 16 in the Lihue Court Townhomes. This project provides for 8 HOME-assisted transitional housing units targeted to assist the sheltered, unsheltered and at-risk homeless population. Allocated \$160,322 in ESG funds to provide shelter and support services to 1,764 homeless persons. Leveraged \$11,378 in ESG funds with State funds to provide support services for 1,395 homeless persons.

Provide housing and support services for persons with special needs.

- Completed the Hale Ulu Hoi III rehabilitation. This project provides rental housing to developmentally disabled persons who desire to live independently. Of the 18 units rehabilitated, 8 units are HOME-assisted.
- Allocated \$128,000 in HOPWA funds to assist 27 persons with HIV/AIDS and 3 persons in the family unit to obtain and retain permanent housing.
- Allocated \$30,770 in HOPWA funds to assist 61 persons with HIV/AIDS with support services and to provide housing information to 761 persons with HIV /AIDS.
- Supported a statewide HIV/AIDS Coordinating Council which meets quarterly to coordinate efforts, collaborate on new challenges, and strategize on emerging needs..

Actions that can be taken to improve the program and achieve priorities: The HCDCH will continue to work closely with the County housing agencies and private non-profit entities in the administration of the HOME, ESG, and HOPWA programs.

As a means of improving its communication efforts, the HCDCH conducted HOME Program meetings with the Counties of Hawaii, Kauai and Maui. These informal gatherings were intended to provide the HOME program staff from the Counties and the HCDCH with the opportunity to freely discuss topics relating to the administration of the State's HOME Program. Such discussions included, but were not limited to, issues on timeliness in funding commitment and expenditures, IDIS, program income, compliance monitoring, procurement and match. As the HCDCH has received positive responses, future meetings are anticipated.

As State Recipients under the State's HOME Program, the Counties of Hawaii, Kauai and Maui have been offered and have accepted the opportunity to administer a portion of the American Dream Downpayment Initiative funding anticipated to be received with the State's FY 2004 HOME allocation. As no set-asides have been provided to administer the ADDI allocation, the HCDCH has awarded a one time \$30,000.00 reallocation of its HOME administrative funds to each of the Counties, for a total of \$90,000.00. The purpose of this reallocation is to assist the Counties in the immediate start up of a new first-time homebuyers activity, or in the modification of an existing first-time homebuyers program in order to incorporate the ADDI funds as soon as it is available.

In the previous CAPER, the HCDCH identified the process for on-site monitoring of HOME funded projects as a potential barrier to the effective administration of the State's HOME Program. In particular, written monitoring reports for on-site inspections, as well as County responses to deficiencies have not been received on a consistent and timely manner. In an effort to resolve this issue, the HCDCH Finance Branch was able to acquire a Property Management Coordinator to handle the on-site monitoring requirements specifically for HCDCH finance programs, including the HOME Program. The Coordinator conducts the on-site inspections and is tasked with contracting for an independent compliance monitoring inspector and coordinating for future staff expansion. The Finance Branch's direct management oversight of its own compliance monitoring section will provide for improved communication and a more effective and efficient process for HOME Program on-site inspections.

The tightening rental market continues to serve as a barrier to meeting the State's affordable housing objectives. Over the past four years, the County of Hawaii has not provided any HOME rental assistance to new families; instead, it has focused its efforts on leasing up its expiring Section 8 vouchers. To ensure the timely commitment and expenditure of HOME funds, the County of Hawaii once again reprogrammed funds from tenant-based rental assistance to its Kamuela Senior Housing Project.

A barrier to the effective administration of the State's HOPWA and ESG programs is that the HCDCH section that administers the programs has lost several key staff members to promotions, and hiring replacements is a lengthy process which will leave the program short-staffed for some time to come. Additionally, new staffers are learning to effectively administer the State HOPWA and ESG programs.

Self evaluation: Overall, the State has made good progress in meeting its objectives. The narratives in this CAPER provide details and an assessment of the accomplishments. Please refer to the HOME, ESG, and HOPWA program sections for evaluations of these programs, barriers that negatively impact the accomplishments of the goals, and any modifications or actions that will be implemented to improve the programs.

I. GENERAL

A. Description of Resources

The following resources are available to the State for use in meeting its strategic planning (5-year Consolidated Plan) goals.

HOME - The HOME Investment Partnerships program is intended to be a locally designed and administered program that expands the supply of decent, safe, affordable, and sanitary housing, with primary attention to low-income rental housing; strengthens the abilities of state and local governments to design and implement affordable housing strategies; and provides both federal financing and technical assistance (including the development of model programs and approaches). The program is also intended to provide local jurisdictions with a source of funds which can be used to implement locally designed housing programs which best fit local needs. *Activity: Rehabilitation, new construction, rental assistance, home buyer assistance*

Emergency Shelter Grants (ESG) - Emergency Shelter Grants may be used to renovate, rehabilitate, or convert buildings to be used as emergency shelters; to provide essential services (employment, health, drug abuse, or education); and to provide maintenance, operation, insurance, utilities, and furnishings for these facilities. *Activity: Operations, essential services, prevention*

Housing Opportunities for Persons with AIDS (HOPWA) - The Housing Opportunities for Persons with AIDS (HOPWA) program is authorized by the AIDS Housing Opportunity Act (AHOA) and amended by the Housing and Community Development Act of 1992. The program is designed to provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families. The program authorizes entitlement grants and competitively awarded grants for housing assistance and services.

Since the State qualifies for a formula allocation on behalf of the State's rural counties, the consolidated plan describes the planning process with care provider input. Moneys are available both on a formula and competitive basis. Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the Federal Register. Jurisdictions that do not qualify for formula grants are eligible to apply for competitive grants for the development of comprehensive, long-term strategies to address HIV/AIDS and homelessness. Additionally, jurisdictions that do qualify for formula grants may also apply for competitive grants for programs that address needs that are unmet by formula grants. *Activities: Rental housing assistance and support services.*

A description of other government and private resources is provided in Appendix A.

B. Investment of Available Resources

During this reporting period, the HCDCH committed its remaining FY 2002 CHDO funds in the amount of \$300,800.00. Of the \$3,090,000.00 in FY 2003 HOME funds, the HCDCH committed \$2,090,000 (\$500,000.00 in regular project funds, \$1,354,000.00 in CHDO funds and \$236,000.00 in administrative funds). At the end of the reporting period, \$1,000,000.00 in FY 2003 HOME funds (\$772,500.00 in regular project funds, \$154,500.00 in CHDO funds and \$73,000 in administrative funds) remains uncommitted.

The following shows the resources (grants, matching, and other funds) that were made available during the 2003-2004 program year by county.

County of Hawaii

2003 HOME Allocation

- An additional \$927,000.00 (for a total of \$3,177,034.00) in CHDO funds has been conditionally committed to Hawaii Island Community Development Corporation's Kamuela Senior Rental Housing Project. These additional funds will further assist in the development of 32 rental housing units for low and very low income elderly families/tenants.

Other anticipated funding sources for this project include \$640,000.00 in private bank loan, \$3,387,505.00 in federal and state Low Income Housing Tax Credits, and \$600,000.00 in USDA RD 515 assistance.

- County of Hawaii's administrative funds in the amount of \$73,000.00.

County of Kauai

2002 HOME Allocation

- \$150,400.00 in CHDO funds has been conditionally committed to Kauai's KEO Transitional Housing Project. This project will encompass the rehabilitation of four portable buildings donated by the County to produce 8 two-bedroom rental units for transitional housing in Lihue.

2003 HOME Allocation

- \$500,000.00 in HOME project funds has been conditionally committed to Kauai's Puhi Self-Help Housing Project. These funds will help to finance the development of 42 affordable single family dwelling units through the self-help building method.

Other anticipated sources of funding for this project includes a combined total of \$6,983,500 from Rural Community Assistance Corporation, Hawaii Foundation,

*Community Development Block Grant, Housing Assistance Council, Rural
Housing Service 502 and the Self Help Housing Corporation of Hawaii.*

- An additional \$427,000.00 (for a total of \$577,400.00) in CHDO funds has been conditionally committed to Kauai's KEO Transitional Housing Project. This project will further assist in the rehabilitation of four portable buildings donated by the County to produce 8 two-bedroom rental units for transitional housing in Lihue.

Other anticipated funding sources for this project include additional HOME, USDA Rural Development and private foundation funding.

- County of Kauai's administrative funds in the amount of \$73,000.00

County of Maui

2002 HOME Allocation

- An additional \$150,400.00 (for a total of \$600,400.00) in CHDO funds has been conditionally committed to Lokahi Pacific's Wailuku Small Business Market Center. These funds will further assist in the development of the four (4) rental units in the Project.

2003 HOME Allocation

Note: \$1,000.000 in FY 2003 HOME funds (\$772,500.00 in regular project funds, \$154,500.00 in CHDO funds and \$73,000.00 in administrative funds) available to the County of Maui, remained uncommitted at the end of this reporting period. The HCDCH is currently working with the County on clarifying its FY 2003 HOME program descriptions prior to the allocation of its FY 2003 HOME funds. The anticipated projects by the County currently consists of the development of affordable single family housing, construction of transitional housing units and additional funding to HOME activities currently underway. The FY 2003 conditionally committed projects for the County will be reported in the 2004-05 CAPER.

2003 ESG and HOPWA Allocations

Total ESG and HOPWA funds expended, as of June 30, 2004, are shown below:

Program Year	Funded Amount	Net Drawn Amount	Balance
ESG PY 2002	\$175,000.00	\$170,571.25	\$ 4,428.75
ESG PY 2003	177,000.00	44,556.43	132,443.57
HOPWA PY 2002	160,000.00	155,200.00	4,800.00
HOPWA PY2003	176,000.00	118,668.30	57,331.70

A comparison of the resources made available during the 2003-04 period and accomplishments of the Consolidated Plan goals follows.

Table 1: Comparison of HOME Objectives and Accomplishments

Objective	Proposed HOME Allocation* (1)	Actual PY2003 HOME Allocation (2)	Proposed PY 2003 Accomplishments	Actual PY 2003 Accomplishments	Five Year Goals (2000-05)	Total Accomplished To Date
Increase supply of affordable rental units	\$772,500 (25%)	\$0 (0%) (\$150,400 in PY 2002 funds (3))	21 rental units	0 units (Conditionally committed for 4 units)	105 units	240 units
Provide rental assistance	\$0 (0%)	\$0 0%	0 households	0	300 households	0
Increase supply of supportive housing	\$1,699,500 (55%)	\$1,354,000 (44%) \$150,400 in PY 2002 funds (3)	10 units	16 units (conditionally committed for funds for 40 units)	50 units	52 units
Provide increased opportunities for first-time home buyers	\$0 (0%)	\$500,000 (16%)	22 households	0 households (conditionally committed funds for 42 units)	110 households	85 households
Preserve existing affordable housing stock through rehabilitation activities	\$0 (0%)	\$0 (0%)	6 units	0 units	30 units	7 units
Administration	\$219,000 \$90,000 (10%)	\$ 146,000 \$ 90,000 (8% total)		Counties admin. HCDCH admin.		
Uncommitted Funds	\$309,000 (10%)	\$1,000,000 (32%)				

* Per 2003-04 Action Plan.

(1) Amounts were based on the types of committed projects, as well as those anticipated for use with the 2003-04 HOME fund allocations.

(2) The actual use of the PY 2003 HOME funds are based on the housing needs of each County.

(3) PY2002 uncommitted funds of \$309,800 were committed to Maui's Wailuku Small Business Market Center on 11/13/03 (\$150,400) and Kauai's Transitional Housing Project on 5/20/04 (\$150,400).

Table 2. Comparison of HOPWA Objectives and Accomplishments

Objective	Proposed HOPWA Allocation*	Actual PY2003 HOPWA Allocation	Proposed PY2003 Accomplishments	Actual PY2003 Accomplishments	Five Year Goals (2000-05)	Total To Date
Provide rental assistance for persons with HIV/AIDS	\$119,504 (70%)	\$128,000 (75%)	Assist 26 persons with HIV/AIDS	Assisted 27 individuals (and 4 persons in family unit)	Assist 18 persons with HIV/AIDS	43
Provide supportive services for persons with HIV/AIDS	\$51,216 (30%)	\$30,770(18%)	Assist 240 persons with HIV/AIDS	Assisted 761 with housing information and 61 with support services	Assist 360 persons with HIV/AIDS	957
Administration for Provider	**\$0	\$11,950 (7%)	N/A	N/A	N/A	N/A
Administration for HCDCH	**\$0	\$5,280 (3%)				

* Per 2003-04 Action Plan. **Provider and HCDCH Administrative fees were inadvertently omitted from proposed HOPWA Allocation.

Table 3: Comparison of ESG Objectives and Accomplishments

Objective	Proposed ESG Allocation*	Actual PY2003 ESG Allocation	Proposed PY2003 Accomplishments	Actual PY2003 Accomplishments	Five Year Goals (2000-05)	Totals To Date
Subsidize homeless operators to provide homeless shelter	\$160,322 (90%)	\$160,322 (90%)	Assist 2,488 persons	Assisted 1,764 persons	Assist 5,000 persons	6,732
Create or expand social service programs for unsheltered	\$ 11,378 (7%)	\$ 11,378 (7%)	Assist 959 persons	Assisted 1,395 unsheltered persons	Assist 1,900 persons	6,256
Administration	\$5,300 (3%)	\$5,300 (3%)	N/A	N/A	N/A	N/A

*Per 2003-04 Action Plan.

C. Civil Rights Program Related Requirements

1. Geographic Distribution of Investments

Maps showing the geographic distribution of resources are included in Appendix B.

County of Hawaii

HOME funds are allocated through a Request for Proposal (RFP) process. The projects selected for the HOME program serve low and moderate persons.

County of Kauai

The County of Kauai does not follow a set formula when investing available resources on community development and housing activities. Funding decisions are based on considerations such as addressing priorities, project-readiness, site suitability, and applicant qualifications. If possible, consideration is given to area benefit projects that can equitably distribute resources and benefits to larger geographical areas of the island. No minority concentrated areas are known to exist on Kauai.

County of Maui

Geographical areas served are countywide for the First Time Homebuyers Assistance Program, West Maui (Lahaina, Kaanapali, Kahana, Napili, and Kapalua for the West Maui Resource Center, Central Maui (Wailuku and Kahului) for the Wailuku Small Business Market Center and the Hale O Mana'o Lana Hou, Phase II Project.

2. Participation in Benefits

HOME program participation by racial and ethnic status of the families and persons assisted is provided in Section II.A.1, Number and Types of Families Served.

HOPWA participation by racial and ethnic status is provided

ESG participation by racial and ethnic status appears in the IDIS reports.

In ESG Program Year 2003, the Caucasian and Hawaiian homeless population are 31% and 36% respectively. Both ethnicities are over-represented in the State's homeless population. Caucasians comprise 23% of the State's total population and Hawaiians comprise 19%.

The Communicable Diseases Report for the Department of Health reported that Caucasians accounted for 63% of AIDS cases, and Hawaiians represented 11% of cases. In HOPWA PY 2003 the percentage is 56% Caucasian and 30% Hawaiian.

3. Fair Housing

The State and Counties are committed to eliminating racial and ethnic segregation and other discriminatory practices in housing. The State and Counties use various programmatic and enforcement tools to achieve this goal. The fundamental goal is to make housing choice a reality. The HCDCH and County Housing Agencies employ Fair

Housing Officers. During Program Year 2003-04, fair housing activities were to help remove impediments involved the following actions:

Statewide activities

- HCDCH held monthly meetings of the State and County Fair Housing Officers were held with the Hawaii Civil Rights Commission, HUD and the Legal Aid Society of Hawaii to discuss joint planned activities -- training workshops, coordinating efforts between the State and each county.
- The State and Counties drafted an Memorandum of Agreement for review.
- HCDCH and the Counties conducted Fair Housing and Landlord Tenant workshops in April and May 2004 in all counties throughout the state.
- HCDCH supported LASH's application for education and outreach to the non-English speaking immigrants on fair housing law by participating in training activities.
- The Governor signed a proclamation in April 2004 that designated April as Fair Housing month in the State of Hawaii.
- HCDCH provided assistance to the general public, including persons with disabilities and families with children, on issues relating to Landlord Tenant Code and potential fair housing complaints.
- HCDCH educated various housing and social service providers on their responsibilities under the Fair Housing Act.
- HCDCH educated various tenants on their rights under the Fair Housing Act and referred complaints to the Hawaii Civil Rights Commission
- HCDCH assisted persons with disabilities on ways to request a reasonable accommodation/modification from a housing provider.
- HCDCH investigated complaints within the State of Hawaii
- HCDCH worked with advocate groups to address issues within the disability community.
- During the reporting period, the Fair Housing Officer received 40 telephone inquiries. Of the telephone contacts received, 25 were for possible housing discrimination matters, centering mostly on accommodations for physical and mental disabilities, familial status and race.

- The Fair Housing Officer monitored local newspapers on a weekly basis to review rental and sales solicitation ads for compliance with the requirements of the Fair Housing Act

II. HUD Community Planning and Development Programs

A. HOME Program and Affordable Housing

The HCDCH allows the Counties, as HOME Program State Recipients, to utilize their share of HOME funds to address their respective housing needs. The funds must be used to address the housing priorities set forth in the State's Consolidated Plan, and the HOME project/program must be in compliance with HOME regulations.

During Program Year 2003-2004, the following categories of persons were assisted with housing:

1. Number and Type of Families Served

Assistance by Income Group	Renters		Owners	
• 0-30% of Median Income	10		0	
• 31-50% of Median Income	6		0	
• 51-80% of Median Income	0		0	
Assistance by Racial and Ethnic Group	Renters		Owners	
	H/L	NH/NL	H/L	NH/NL
• White	0	3	0	0
• Black or African American	0	0	0	0
• Asian	0	2	0	0
• American Indian or Alaska Native	0	0	0	0
• Native Hawaiian of Other Pacific Islander	0	6	0	0
• Other Multi Racial	5	0	0	0

Note: (H/L) Hispanic or Latino, (NH/NL) Not Hispanic or Latino

2. Distribution of HOME funds among categories of housing needs

For 2003-04, the HCDCH planned for HOME to be allocated as follows: 52% to meet the rental and special needs housing objectives; 33% to increase affordable for-sale and homeownership objectives; 5% to meet the rehabilitation objectives; and 10% for administrative costs.

3. Results of On-site Inspection of Rental Housing Assisted

HCDCH conducted the following inspections:

- Paanau Village – The physical inspection for the project was conducted on August 28, 2003. The project is in good physical condition. The buildings and grounds are maintained in a decent, safe and sanitary condition. The three (3) HOME units inspected were found to be in decent, safe, and sanitary condition.
- Kekuilani Gardens – The physical inspection for the project was conducted on December 3, 2003. The project is in good physical condition. The buildings are maintained in a decent, safe and sanitary condition consistent with its age. The physical condition of the seven (7) HOME units inspected was good. The four (4) occupied units inspected were in decent, safe and sanitary condition. The remaining three (3) units inspected were vacant, one ready for occupancy, the second recently vacated with repairs and painting to be scheduled by maintenance and the third unit which was confirmed as “abandoned” by the tenant.
- Hualalai Elderly, Phase I – The physical inspection for the project was conducted on February 19, 2004. The project is in good physical condition. The buildings and grounds are maintained in a decent, safe and sanitary condition. The six (6) HOME units inspected were found to be in decent, safe and sanitary condition.

Note: In the 2002-03 CAPER, the HCDCH indicated that it was awaiting the completion of a written review by Spectrum Enterprises (a contractor hired by the HCDCH to conduct the property inspection). As of July 8, 2003, Spectrum’s final report reflected that with regards to the six (6) units inspected, there are no building or unit issues noted and that the property is very well maintained.

- Hualalai Elderly, Phase II – The physical inspection for the project was conducted on February 19, 2004. The project is in good physical condition. The buildings and grounds are maintained in a decent, safe and sanitary condition. Two (2) HOME units were inspected and found to be in decent, safe and sanitary condition.

Note: In the 2002-03 CAPER, the HCDCH indicated that it was awaiting the completion of a written review by Spectrum Enterprises (a contractor hired by the HCDCH to conduct the property inspection). As of July 7, 2003, Spectrum’s final report reflected that with regards to the eight (8) units inspected, there are no building or unit issues noted.

- Lihue Court – The physical inspection for the project was conducted on March 18, 2004. The project is in good physical condition. The buildings and grounds are maintained in a decent, safe and sanitary condition. The eight (8) HOME units inspected were found to be in decent, safe, and sanitary condition.
- Kahookamamalu – The physical inspection for the project was conducted on May 20, 2004. The project is in good physical condition. The buildings and grounds are maintained in a decent, safe and sanitary condition. Ten (10) HOME

units were scheduled for inspection. Nine (9) of the units were inspected and found to be in decent, safe and sanitary condition. The remaining unit was not inspected due to the resident's health condition.

- Hale Makana O' Waiale – The physical inspection for the project was conducted from June 7, 2004 through June 10, 2004. The project is in good physical condition. The buildings and grounds are maintained in a decent, safe and sanitary condition. Forty (40) units were selected for review, of which thirty nine (39) units were inspected and found to be generally in decent, safe and sanitary condition. The HCDCH is awaiting a written response from the County of Maui regarding the rescheduling of the remaining unit for inspection. The results of the inspection will be provided in the 2004-05 CAPER.

Note: In the 2002-03 CAPER, the HCDCH indicated that it was awaiting a written response from the County of Maui addressing the corrective action items for two (2) units in the Hale Makana O' Waiale Project previously inspected on May 27-30, 2003. As of October 16, 2003, the County has satisfactorily addressed the corrective action items and the units are in decent, safe and sanitary condition.

4. Assessment of Affirmative Marketing Actions:

During this reporting period, the HCDCH has evaluated the affirmative marketing actions of the Counties of Hawaii, Kauai and Maui as State Recipients under the State's HOME Program. Based on its review, the HCDCH has determined that the Counties have adequately complied with the applicable affirmative marketing procedures.

5. Section 3

The HCDCH requires the Counties of Hawaii, Kauai and Maui, as State Recipients under the State's HOME Program, either to adopt their own or the State's Section 3 Plan. The County of Hawaii has adopted the State's Plan, and the Counties of Kauai and Maui have developed their own. Pursuant to the respective Section 3 Plans, the Counties have certified that, to the greatest extent feasible, employment and other economic opportunities generated by HUD funds, or HUD-assisted projects will be directed to low and very low income persons.

6. Assessment of Outreach to Minority Owned and Women Owned Businesses

The Counties of Hawaii, Kauai and Maui as State Recipients under the State's HOME Program have each acknowledged their acceptance and utilization of the State's current MBEs/WBEs Outreach Program as follows:

- All solicitations for the procurement of services and property by the state recipients, subrecipients or other entities receiving funding under the HOME Program shall be required to include outreach efforts to the MBEs and WBEs

(such as utilization of the State of Hawaii's Department of Transportation's Disadvantaged Business Enterprise Directory).

- All public notices of bids solicitation and requests for proposals shall include a statement that encourages participation by MBEs and WBEs.
- State recipients, subrecipients and other entities receiving funding under the HOME Program shall be required to report annually on the type and number of contracts awarded, the names and addresses of the firms awarded bids, the dollar value of all contracts awarded, the dollar value of contracts awarded to MBEs and WBEs, names and addresses of MBEs/WBEs who submitted bids but were not awarded contracts, and the method of implementing the outreach requirements.

HOME data compiled during this reporting period reflects that 3 out of 3 contracts and 17 out of 20 subcontracts were awarded to MBEs. Although there were no contracts/subcontracts awarded to WBEs during this period, the State is pleased with the results and remains confident that MBEs and WBEs will continue to be given opportunities to participate in the State's HOME Program.

7. Data on the Amount of Program Income Used

The HCDCH allows the Counties of Hawaii, Kauai, and Maui, as State Recipients under the State's HOME Program, to retain all program income for redistribution to other HOME Program eligible activities. HOME program income must be utilized prior to drawing from the U.S. Treasury account. The receipts and uses of program income during the reporting period are summarized below.

The County of Hawaii received a total of \$59,369.42 (\$45,463.42 from Kalaoa View Estates, \$12,281.00 from Hawi Self Help and \$1,625.00 from Ouli Self Help Projects) in program income for this reporting period. The County applied \$15,732.36 of its program income towards its Hale Ulu Hoi III Project, \$3,385.60 towards its Tenant-Based Rental Assistance Program and \$40,251.46 towards its HOME administrative costs. As of June 30, 2004, the County of Hawaii had no available program income.

The County of Kauai received \$543,272.30 in program income from its First Time Homebuyers Program. The new receipt of program income, together with a previous balance of \$29,442.13, totals \$572,714.43. The County applied the entire \$572,714.43 in program income towards its Kalepa Village-Phase II Project. As of June 30, 2004, the County of Kauai had no available program income.

The County of Maui (PENDING)

8. HOME Match Report

The State's match requirement for this reporting period is 25%. Please refer to Appendix C for the HOME Match Report.

9. Slow-Moving Projects

The County of Hawaii's Tenant-Based Rental Assistance Program continued to be a slow-moving activity. Although assistance has been provided to existing qualified families, the County did not provide any HOME rental assistance to new families during this reporting period. In an effort to ensure the timely commitment and expenditure of its HOME allocation, the County reprogrammed \$398,143.28 in FY 1998 HOME funds originally committed for tenant-based rental assistance to its Kamuela Senior Housing Project. Concurrently \$398,143.28 in FY 2002 HOME funds originally committed for the Kamuela Senior Housing Project has been reprogrammed for tenant-based rental assistance. The concurrent transfer of like funding amounts have allowed the County to expend its older HOME funds quicker in a project that is actively under construction. The County has indicated that the leasing up of its expiring Section 8 vouchers is nearly completed and as such anticipates active use of its HOME funding to continue to provide rental assistance.

The County of Hawaii's Puukapu Self Help Project is also considered to be a slow-moving activity, as there have been no HOME funds drawn from the initial funding dated of June 30, 2003. The County was recently informed by the developer that this project is being cancelled due to infeasibility. As such, the County shall make the funds available for another eligible HOME activity.

The County of Maui's Hale O Mana'o Lana Hou, Phase II Project continues to be considered a slow-moving activity, as the last HOME funding draw was July 12, 2003. The County has indicated that this project is nearing completion and anticipates to be placed in service by August, 2004. At that time, the County shall make any remaining funds available for another eligible HOME CHDO activity.

10. Reasonableness of Costs

To ensure cost reasonableness in HOME projects, the HCDCH requires the Counties of Hawaii, Kauai and Maui, as State Recipients under the State's HOME Program, to comply with the uniform administrative requirements contained within 24 CFR §92.505, including, but not limited to, the requirements in OMB Circular No. A-87. The HCDCH relies on OMB Circular No. A-133 audits, as applicable in its use on project close-outs. The HCDCH has also retained the right to require the Counties to provide for a separate certification and review of the total project cost by an independent third party as may be deemed necessary.

In addition, due to Hawaii's high housing costs, the Counties must often leverage their limited HOME Program funds with other funding sources, such as the HCDCH's Low Income Housing Tax Credit and Rental Housing Trust Fund Programs. Projects receiving funding from the HCDCH are further reviewed to ensure cost reasonableness since the HCDCH reviews the anticipated sources and uses statements and applicable construction and operational budgets provided at the time of application.

11. Self Evaluation

Rental Housing

In the area of rental housing, the State's objectives are to increase the supply of affordable rentals by 21 units per year, 105 units over five year. Although there were no new rental units produced during this reporting period, the 240 completed units to date has far exceeded the State's five year rental housing objective. (The completed HOME-assisted units are comprised of 200 units in Hale Makana O' Waiale and 40 units in the Lihue Court Townhomes.) In addition, there are currently 2 HOME funded rental projects under construction. These additional projects will further increase the supply of affordable rental units by 44 units, of which 16 units will be HOME-assisted.

The State's objectives in supportive housing are to increase the supply of such housing by 10 units per year, 50 over five years. During this reporting period, the State has exceeded its five years supportive housing objective with the completion of 16 new HOME-assisted units, for a total of 52 completed units. (The completed HOME-assisted units are comprised of 8 units for the developmentally challenged in Hale Ulu Hoi III, 8 transitional units for the sheltered/unsheltered/at-risk homeless in Lihue Court, 29 elderly units in Hualalai I and 7 elderly units in Hualalai II.) The State is continuing its efforts to address the shortage of special needs housing with 5 new supportive housing projects either under construction or conditionally committed for development. These additional projects will further increase the supply of units for special needs by 100 units of which 98 units will be HOME-assisted.

(Note: Please note that corrections have been made to the total number of HOME assisted affordable rental and supportive housing units, based on a review of all completed projects to date. In the previous CAPER, the State reported 278 affordable rental units and 7 supportive units for a total of 285 rental units. In its review, the State discovered that it had inadvertently double counted the HOME-assisted units in the Hualalai Elderly Phase II Project of 7 units and that the Lihue Court Townhomes Project had been amended to provide for 40 rather than 42 HOME units. In addition, for consistency, the State reclassified the Hualalai Elderly Phase I Project from affordable rental to supportive housing. As such, the corrected numbers are reported above along with details of the completed HOME-assisted units by project.)

In the area of tenant-based rental assistance, the State's objectives are to provide 60 eligible households with rental assistance per year, 300 households over five years. During this reporting period, the State did not meet its HOME objective as the County of Hawaii has continued to focus its efforts on leasing up its expiring Section 8 vouchers in a tight rental market characterized by a lack of affordable rental units. Although the County did not provide any HOME rental assistance to new families, it continued to provide assistance to existing qualified families. In an effort to ensure the timely commitment and expenditure of its HOME allocation, the County has reprogrammed \$398,143.28 in FY 1998 HOME funds originally committed for tenant-based rental assistance to its Kamuela Senior Housing Project. Concurrently, \$398,143.28 in FY 2002 HOME funds originally committed for the Kamuela Senior Housing Project has been reprogrammed for tenant-based rental assistance. The concurrent transfer of like funding

amounts have allowed the County to expend its older HOME funds quicker in a project that is actively under construction. The County has indicated that the leasing up of its expiring Section 8 vouchers is nearly completed and as such anticipates active use of its HOME funding to continue to provide rental assistance.

Homeownership

The State's objective in homeownership is to assist 22 homebuyers per year, 110 homebuyers over five years. (PENDING)

The State did not meet its objective in the area of preserving existing affordable housing stock through rehabilitation activities. Funding priority was given to provide for supportive/special needs rental projects.

Note: HOME Match Report and HOME Annual Performance Reports to be provided.

B. HOPWA

HCDCH allocated \$170,720 in HOPWA funds to the Maui Aids Foundation (MAF), a centralized administrative agency that services the counties of Hawaii, Kauai, and Maui (islands of Maui, Lanai and Molokai). The State contracted with MAF as the administrator in an effort to facilitate the efficient use of the funds and increase flexibility in providing needed services in the rural counties.

The MAF has Memoranda of Understanding with the Big Island AIDS Project and the West Hawaii AIDS Foundation on the island of Hawaii and Malama Pono on the island of Kauai. Collectively, the four organizations successfully provide persons with HIV/AIDS living in the rural counties with long and short-term rental assistance and with supportive services on a first come, first-served basis among the counties.

The remaining balance of \$5,280 was retained for HCDCH's administrative costs.

1. Distribution of HOPWA Funds among Categories of Need

The use of the funds addresses all objectives identified in the 2003-04 Action Plan. Summaries of program accomplishments are shown in Table 2; Appendix D, Performance Tables 1 and 2; and IDIS. The statistical information reflects the period July 1, 2003 to June 30, 2004, although the 12-month contract term began October 1, 2003, and ends September 30, 2004.

Through the tenant-based rental assistance program, 27 individuals and 4 persons in the family unit were able to retain permanent housing in open market rentals. Under the program, the MAF and partnering agencies in the consortium work in concert to complete intakes and applications, conduct unit inspections, and verify participant eligibility on their respective islands.

The AIDS service providers continue to serve as many clients as possible, given limited funding levels, by better networking with various non-profit organizations, government agencies, and the private sector. 61 persons were assisted with support services only, and 761 persons received housing information services.

2. Barriers Encountered and Mitigative Actions

There were no significant barriers encountered in the performance of HOPWA supported activities. Private agencies operate the program in the rural island counties; this provides direct monitoring and accountability.

However, there are a limited number of HIV-knowledgeable physicians on each of the islands of Hawaii, Kauai, and Maui, and no HIV-knowledgeable physician on the islands of Lanai and Molokai. The response is to send more clients to Honolulu for work up and switch to Kaiser Medical Center where a physician, specializing in HIV care, is on staff.

One challenge has been accommodating the rental subsidy needs of clients who relocate to Honolulu temporarily for medical treatment - how to extend support to that client when the client is in the City and whether to maintain his/her subsidized unit in the rural county while it is vacant. Another challenge has been working within the fair market rent (FMR) in a highly volatile rental market. The FMRs for Hawaii do not appear to be in line with the increasing rents on the rural islands. The statewide Hawaii AIDS Housing Coalition continues to work with the City, the State and HUD to resolve these issues.

3. Monitoring

The HCDCH monitors the HOPWA Program project sponsors. The monitoring includes a review of independent financial audits, monthly review of expenses for tenant-based rental assistance and supportive service, verification of reported expenditures and persons served, and communication/training provided via telephone, e-mail and by facsimile. The program specialist documents any areas of noncompliance and details corrective action needed through written correspondence, telephone interviews, and by e-mail.

4. Other Resources

Other resources used in conjunction with the HOPWA program include funding from the State Department of Health STD/AIDS Prevention Branch, Ryan White CARE Act funds contracted and passed through by the statewide AIDS consortium, HOPWA Special Project of National Significance (SPNS) funds, Maui County general fund, United Way, private foundation funds, and various fundraising activities. Additionally, numerous volunteer hours are logged in support of the program.

Each of the above noted agencies has individuals living with HIV on its Board of Directors, utilizes Client Advisory Councils, participates in HIV Prevention Community Planning and HIV Care Planning processes, and administers Ryan White CARE Act Funds. Additionally, each agency provides a plethora of services to their clients, funded from other sources, such as case management, food bank programs, emergency financial assistance, support groups, and psychological-social support.

5. Slow-Moving Projects

The HOPWA Program has been run in a timely manner and funds have been used in an efficient and timely manner.

6. Reasonableness of Costs

Having the MAF serve as the grant sub-recipient for the providers from the three rural island counties allows for efficient use of funds, coordinated networking, and sharing of resources. MAF serves as the field staff who can better scrutinize the expenditures to ensure that costs are reasonable and monitored. HOPWA funds were not used for acquisition or demolition activities of occupied real property.

C. Emergency Shelter Grant Program

The HCDCH issued a request for proposals for ESG funds and selected proposals based on meeting the homeless needs of the counties, which coincide with the goals, objectives and priorities noted in the Consolidated Plan, and on the ability to provide services at a reasonable cost.

On July 20, 2003, HUD notified the State that the allocation for ESG was \$177,000. By August 14, 2003, the HCDCH executed contracts for the entire grant amount (S-03-DC-15-0001) with private nonprofit homeless providers; this was within the required 65 days of the grant agreement with HUD.

1. Allocation of ESG Funds and Accomplishments

As proposed in the state Five-Year Consolidated Plan (July 1, 2000 through June 30, 2005) and Action Plan (July 1, 2003 through June 30, 2004), HCDCH allocated ESG funds among the Counties of Hawaii, Maui, and Kauai, and reserved three percent for HCDCH's administrative costs. The HCDCH awarded the funds as itemized below:

	Program	Administration	Total
<u>County of Hawaii:</u>			
- Child & Family Service (Hale Ohana Domestic Abuse)	\$8,000.00	-0-	\$ 8,000.00
- East Hawaii Coalition for the Homeless (Kiheipua Shelter)	36,500.00	-0-	36,500.00
(Hale O Puna)	13,600.00	-0-	13,600.00
- Turning Point for Families (West HI Domestic Abuse)	10,000.00	-0-	10,000.00
Sub-total			\$68,100.00
<u>County of Kauai:</u>			
- YWCA of Kauai	\$14,600.00	-0-	<u>\$ 14,600.00</u>
Sub-total			\$ 14,600.00
<u>County of Maui:</u>			

- Maui Economic Concerns of the Community (Ka Hale A Ke Ola)	\$50,000.00	-0-	\$50,000.00
(West Side Resource Center)	24,000.00	-0-	24,000.00
- Women Helping Women (Hale Lokomaikai)	\$15,000.00	-0-	15,000.00
Sub-total			\$89,000.00
<u>HCDCH:</u>		\$5,300.00	<u>\$5,300.00</u>
Total:	\$171,700.00	\$5,300.00	\$177,000.00

A comparison of ESG objectives and accomplishments is shown in Table 3 on page 11 of this CAPER.

The State entered into agreements with six recipients to subsidize homeless shelter operators so they are able to maintain their ability to provide homeless shelter as stated in the Priority Needs Summary Table of the State of Hawaii 2003-2004 Action Plan.

Homeless strategies along a continuum of care are as follows:

Priority/Target Group	Strategy	ESG fund allocation	Measures of effectiveness
Sheltered Homeless	Support the services in emergency and transitional shelters	100% of ESG	1,000 individuals transition to permanent housing

Program accomplishments by county are as follows:

County of Hawaii

Four recipients were awarded ESG funds to subsidize their operational costs at homeless or abuse shelters. Since the island of Hawaii is so large, the funding allocation is distributed to West and East Hawaii. This division provides more convenient access to program services.

- *\$10,000.00 for operational expenses, including utilities, repair and maintenance of the shelter, and outreach services* was committed to Turning Point for Families, which operates West Hawaii Domestic Abuse. This provides housing for homeless persons who are battered or fleeing physical and/or sexual abuse and served 143 homeless persons.

Hawaii County continues to have a major problem with people using "Ice." Many of the domestic violence victims served over the last year were addicted. If domestic violence victims try to leave the relationship, they are threatened with being reported to Child Welfare Services. This could cause them to lose custody of their children.

Lack of affordable housing is another problem, as victims often do not have any real resources of their own.

- *\$38,722.00 for operational expense of the homeless emergency shelter* was committed to East Hawaii Coalition for the Homeless (EHCH), which operates a homeless emergency and transitional shelter on the east side of the island. It provided shelter for 433 homeless persons.

Lack of affordable housing in East Hawaii has resulted in longer shelter stays, and created a backlog for those seeking shelter. At the end of June 2004, there were 17 families on the waiting list at the shelter.

County of Maui

- *\$74,000.00 for operational expenses of the emergency shelter* was committed to Maui Economic Concerns of the Community (MECC), which operates Ka Hale A Ke Ola Homeless Resource Center and West Side Resource Center. This is the island's only emergency and transitional homeless shelter for families and individuals, and it served 733 homeless persons.

During the 12 months ended June 30, 2004, the Ka Hale A Ke Ola Homeless Resource Center provided 103,870 resident nights of shelter. This is an increase from the historical annual average of approximately 84,000 resident nights of shelter.

- *\$15,000 for operational expenses* was committed to Women Helping Women, which operates a shelter that provides 24-hour, 7-day/week advocacy and services for women and children victims of domestic violence. This was their first year as an ESG recipient, during which they served 241 homeless persons.

The shelter has recently seen an increase in immigrant women victims. The corresponding language, cultural, and religious barriers present new challenges for the staff. Most of these battered women believe that they are married to very powerful men who can have them deported.

County of Kauai

One recipient was awarded ESG funds to subsidize operational costs at their abuse shelter.

- *\$14,600.00 for the operation of the abuse shelter* was committed to the YWCA of Kauai, which operates the Family Violence Shelter. This abuse shelter has a 24 bed capacity and provided shelter for 99 persons.

Assistance with Temporary Restraining Orders has more than doubled over the past year. Women escaping from violent situations often turn to the Family Violence Shelter because they fear for the safety of friends or relatives, should they assist them with housing.

2. Barriers Encountered and Mitigative Actions Taken

A barrier to the effective administration of the State's HOPWA and ESG programs is that some grantees are not submitting reports on a timely basis. In addition, there are some problems with the IDIS. The HCDCH will identify steps to address these issues and may request technical assistance from HUD to correct errors in the system and to train HCDCH staff.

3. HCDCH Monitoring/Oversight Process

The HCDCH conducted site visits at all seven funded projects during the program year:

Ohana Spouse Abuse Shelter (CFS)	November 10, 2003
Hale Lomaikai (WHW)	November 18, 2003
Kawaihae Transitional Shelter (CCCIS)	February 10, 2004
Turning Point for Families	November 13, 2003
Ka Hale A Ke Ola Homeless Resource Ctr (MECC)	February 28, 2003
YWCA of Kauai	November 04, 2003

The site visits include a review of records to verify the information provided in the grantee's reports. At a minimum, a close review is conducted of the reported number of persons served (for verification of the client's eligibility for services, and for timely case management), and inspection of the premises to verify the existence of program services and amenities as reported by the grantee.

The HCDCH notes its findings in a performance compliance review report that is submitted to the grantee. If deficiencies are present, the grantee is required to submit a corrective action plan that is deemed acceptable by HCDCH. At the subsequent site visit, the HCDCH verifies that the corrective action plans addressing the previous year's findings were implemented.

The HCDCH monitors the grantee's accomplishment of its goals and objectives and the timeliness of grant expenditures in program year 2003-04 through the review of quarterly reports and payment requests.

4. Match Requirement

The State has satisfied HUD's requirement to match funding provided by the ESG program as described in 24 CFR 576.51 and 42 USC §11375. The HCDCH exceeded the required matching fund amount by funding the homeless provider agencies in the Counties of Hawaii, Maui, and Kauai during the fiscal year through the State Homeless Shelter Stipend Program and the State Homeless Outreach Program. Stipend Program funds are used to assist and enable homeless persons to obtain and retain permanent housing and to live as independently as possible by providing safe, decent, and sanitary temporary shelter as well as meeting other basic survival needs. The program addresses the obstacles that prevent homeless persons from obtaining and retaining housing through a coordinated effort of health, housing, and social services programs. The Outreach Program funds provide intake and referral services and other needed basic services to the unsheltered homeless, who might not otherwise receive assistance. The program's goal is

to assist unsheltered homeless persons to progress towards healthier, more stable living conditions with the ultimate goal of permanent housing and self-sufficiency.

State Homeless Programs	Hawaii	Maui	Kauai	Total
Stipend Program	\$445,000	\$560,000	\$ 40,000	\$1,045,000
Outreach Program	355,000	132,000	107,000	594,000
Total	\$800,000	\$692,000	\$147,000	\$1,639,000

The State contracted with 11 agencies statewide under the Stipend Program to operate 27 emergency and transitional homeless shelters. The following provider agencies operate shelters in the Counties of Hawaii, Maui, and Kauai:

Provider and Shelters on Hawaii, Kauai, and Maui

Provider Agency	Homeless Shelter	Type
Island of Hawaii		
Catholic Charities Community & Immigrant Services	Kawaihae	Transitional housing for families
EHCH-Kiheipua	Hilo	Transitional/emergency housing for families
Mental Health Kokua	Hale Lehua & Surf	Transitional housing for mentally ill singles
Island of Maui		
Maui Economic Concerns of the Community	Ka Hale A Ke Ola & West Side Resource Center	Emergency shelter for singles and families
Mental Health Kokua	Maui Crisis	Transitional shelter for families
Island of Kauai		
Kauai Economic Opportunity	Komohana Group Home Lihue Court Apartments	Transitional housing for disabled singles Transitional housing for families

5. Slow-Moving Projects

All projects are proceeding in a timely manner.

6. Reasonableness of Costs

The HCDCH reviewed the applicants' proposed budgets to ensure that costs were reasonable and considered high priority items to maintain the homeless shelter. The recipients have been receiving ESG awards for the past several years and have, over time, streamlined their operations to minimize costs and maximize benefits to their clients. No grant awards for acquisition with rehabilitation or demolition activities of occupied real property were issued. An ESG financial status report is included as Appendix E.

III. OTHER HUD PROGRAM ACTIONS

A. Continuum of Care

Hawaii's heritage of *'ohana* or "family" connotes the community sense of belonging and taking responsibility for one another. That inter-relationship of all members in the community is a precursor for the Continuum of Care (CoC) concept wherein the community seeks to provide a continuum of services for those in need. The formal mechanism of a community-based continuum of care is now a vital part of each county's planning structure in Hawaii.

Continuum of Care Planning

Each county is a part of the chain of eight Hawaiian Islands, separated by the Pacific Ocean. Hawaii's non-contiguous islands make the development of a region-wide strategy a challenge, unlike in other states where the development of a regional strategy is more feasible. Therefore, the HCDCH implemented active CoC planning groups in each of the rural counties.

The planning for a CoC continues to be locally driven, and the HCDCH is an active participant in each County's planning efforts. The coordinated efforts between the HCDCH and each county's CoC group are to ensure that services are not duplicative or overlapping.

Homeless Assistance

The State of Hawaii, through the HCDCH, awarded the following funds to private agencies for the provision of services, shelter and programs for the homeless: \$3,512,000 for the State Homeless Stipend Program (shelter and supportive services); \$61,077 for the State Homeless Grant and Loan Program (rent/housing deposit and utility payment assistance); \$986,800 for the State Homeless Outreach Program (service to the unsheltered homeless including case management and the provision of medical care, food, living supplies, and referrals); \$177,000 for the Emergency Shelter Grant Program; \$160,000 for the Housing Opportunities for Persons with AIDS Program; and \$622,761 for the Supportive Housing Program.

Homeless Management Information System

The Homeless Management Information System (HMIS) went online July 2003. The system is web-based and provides a comprehensive overview of Hawaii's homeless population as well as track the chronically homeless numbers and service utilization. Data on homeless clients from an existing State database was converted over, and staff members from homeless agencies throughout the state have received training on how to use the system. Since HUD has just released its HMIS standards, changes to the system are needed and are expected to be implemented over the next several months.

Statewide Planning

The state participates each year in the National Hunger and Homeless Awareness week in November. On November 18 and 19, 2003, the 8th Annual Statewide Homeless Forum convened at the State Capitol. The focus was on the adoption of a strategic plan to end

homelessness in Hawaii in 10 years.

Mainstreaming and Collaboration

The Hawaii Homeless Policy Academy has embarked on several initiatives to provide the additional affordable housing units and the case management/housing placement services that are needed to foster success.

- The State Department of Health, Adult Mental Health Division (AMHD) responded to the housing needs of the seriously and persistently mentally ill with 392 housing units of supported housing.
- AMHD has also agreed to take the lead intervention role for the chronically homeless with dual diagnosis. This is significant for the client who has previously fallen between the boundaries of the substance abuse and mental illness jurisdictions.
- AMHD has placed on-line 711 supportive housing units, which provide on-site services in varying degree according to need in group home settings.
- The State Department of Human Services has allocated \$500,000 for housing placement and case management to help the homeless find and retain housing for the long term. This includes a concerted effort to cultivate landlords to enhance their willingness to rent to homeless clients and to Section 8 voucher holders.
- The State Legislature has again allocated \$150,000 in addition to the regular homeless program budget, over the next year, for outreach case management to sustain the chronically homeless in permanent rental units.
- The HCDCH contracted \$986,800 in state fund with private outreach providers to provide emergency stabilization services to unsheltered homeless. Services include assessment, case management and transition into shelters and permanent rental units. Three of the contracts were with rural county outreach agencies, totaling \$594,000.

“Housing First,” an evidence-based practice, is the philosophy that drives the Academy’s efforts. Housing First is the practice of assessing the needs of the chronically homeless person or family and placing them in permanent housing of their choice. Home-based case management and mainstream services are key to helping them retain permanent housing. The continuum of care planning groups heartily endorsed the philosophy at the Statewide Forum in November 2003 and at the presentations at each continuum meeting.

Homeless Resource Guides

HCDCH continued its efforts to update and distribute the Homeless Resource Directory and Homeless Help Cards. These aids provide a guide to resources to law enforcement agencies, health institutions, and the general public.

Homeless Needs Assessment

A collaboration among the Counties and several State agencies resulted in a new Homeless needs assessment in August 2003, to update the last assessment conducted in 1999.

HOPWA Collaboration and Planning

The HCDCH coordinates the Hawaii AIDS Housing Coalition, which meets quarterly to discuss barriers to clients and to explore mitigating actions. The Council includes representatives of AIDS housing and service providers, the Department of Health STD/AIDS Branch, the City and County of Honolulu Department of Community Services, and HCDCH.

B. Public Housing Issues/Initiatives

The HCDCH, resident associations, and service providers have been working together to make the public housing communities safe, clean, decent, and sanitary places to live and raise children.

The HCDCH has taken the lead in promoting resident development and self-sufficiency through a variety of activities. Most of the programs are federally funded and emphasize drug and crime elimination, education, job training, economic development, and aging in place (for the elderly and disabled). Performance reports for each federal grant are submitted to HUD. A summary of the activities undertaken during the 2003-04 program year follows:

Crime and Safety

HCDCH worked in partnership with the Attorney General's Crime Prevention and Justice Assistance Division, Department of Education's Safe and Drug-Free Schools and Communities Program, and the Honolulu Police Department to coordinate staff, residents and community members participation at the Community Action Seminar and Community Action Seminar Follow Up. This year's teams focused on underage drinking and illicit drug use. HCDCH sponsored 13 teams consisting of 162 participants to the seminar. The follow up meeting had 12 teams with 137 participants.

HCDCH partnered with Weed & Seed in hosting the 2003 National Night Out on August 8th. The event was held at Kalakaua Middle School and recognized voluntary resident patrols across the state for their efforts in preventing crime in their community. HCDCH sponsored 9 patrols with over 75 residents participating.

HCDCH sponsored a Voluntary Resident Patrol and Neighborhood Watch workshop in September 2003. This one-day training, in partnership with law enforcement personnel was designed to provide public housing residents, staff and service providers information on how to develop, implement, and/or sustain successful community patrols or watches. The workshop consisted of 101 participants representing 17 patrols/watches across the state.

Self-Sufficiency

The HCDCH promoted and coordinated various leadership, community planning, life skills, and conflict resolution programs.

- 20 residents participated in the CBASE (high school diploma) program; 6 residents

- graduated and received their diploma.
- A total of 114 residents participated in Goodwill Industries of Hawaii's training program that included 57 Certified Nurses Aide, 22 A+ Certified Computer Repair Technicians, 26 Human Services Worker and 9 Customer Service Representatives.

Resident Opportunities and Self-Sufficiency Grants

Under the 2002 Resident Opportunities and Self-Sufficiency (ROSS) program, Child and Family Services provided elderly case management and congregated services to Kalakaua, Makua Alii and Paoakalani Homes. A total of 91 residents received case management services and over 200 residents received congregated services that included meal services, chore services, educational speakers and exercise classes.

Under the 2003 ROSS program, HCDCH was awarded a \$300,000 grant to provide case management and congregate services at Punchbowl Homes and Pumehana elderly sites. Child and Family Services was contracted to provide elderly case management and congregate services at Punchbowl and Pumehana Homes. A total of 60 residents attended the grand opening celebrations in June 2004.

Under the 2003 ROSS program, HCDCH was also awarded a \$250,000 grant to establish a Neighborhood Networks Center at Kuhio Park Terrace. The Samoan Service Providers Association was contracted to provide vocational training and address basic academic and job preparation needs.

Resident Associations

The HCDCH formally recognized 5 resident councils and is working with 9 additional resident councils to become recognized in the upcoming program year. In addition, HCDCH recertified 7 resident associations that duly elected new resident council officers. To date, 38 federal and 4 state public housing communities are represented by duly elected recognized resident associations.

Resident Advisory Board

On June 28, 2001, Governor Cayetano enacted H.B. 539, S.D.I. (Act 289) which authorized the establishment of a resident advisory board or boards to provide input on the development of substantial amendment to the public housing agency plan. During the program year, HCDCH met twice a month with RAB members from September 2003 through March 2004 to obtain input and recommendations on the HCDCH's Five-Year and Annual Plan.

C. Grantee Monitoring Results

During this reporting period, the HCDCH did not conduct HOME on-site monitoring reviews of the Counties of Hawaii, Kauai and Maui. On-site visits to projects are described in the HOME section II.A.3.

Grantee monitoring results for the HOPWA and ESG programs are included in the CAPER under the respective sections.

D. Obstacles for the Underserved

During the reporting period, the State supported other entities that provide assistance to underserved populations through the provision of financing incentives, housing information and technical assistance. For example, HCDCH maintains a housing information system that includes data on housing needs, supply and demand, housing programs, etc. Much of the information is available on HCDCH's web site at <http://www.hcdch.hawaii.gov>. HCDCH has also served as the lead agency for homeless issues in the State.

E. Grantee HUD Program Related Special Accomplishments

The State has no "special" accomplishments to report. The HCDCH is concentrating its efforts on administering the HOME, HOPWA, and ESG programs effectively and efficiently.

F. Foster and Maintain Affordable Housing

The State continued to make available incentives for non-profit and for-profit entities to develop affordable housing. Incentives include capacity building grants, low-interest loans, low income housing tax credits, and exemptions from the State's general excise taxes. HCDCH ensured that the organizations are aware of the benefits of the various state programs and of how equity may be obtained for affordable rentals.

G. Eliminate Barriers to Affordable Housing

The State and counties continue to seek waivers from development codes and standards for affordable housing projects pursuant to Chapter 201G, HRS.

H. Overcome Gaps in Institutional Structures

In order to maximize private sector participation in the provision of affordable housing, the HCDCH continues to co-sponsor housing related workshops with the Hawaii Community Reinvestment Corporation (a private non-profit entity) on a quarterly basis. These workshops serve to further educate non-profit and for-profit organizations and governmental agencies on the various resources available to provide affordable housing opportunities for Hawaii's families. The HCDCH anticipates the continuation of these co-sponsored workshops.

In the last quarter of 2003, HCDCH sponsored a Task Force of realtors, consumers, legal advocates, Section 8 administrators and property managers to address these concerns on the implementation of the Housing Choice Voucher Program in the state. The Task Force discussed and provided recommendations on how to improve the delivery of governmental resources to recipients; develop incentives for landlords to participate in rental assistance programs; determine the appropriate changes to be made to the Section 8 program to allow for greater flexibility in lease terms as well as improve efficiency and other areas of concern; examine adopting stringent penalties against subsidy recipients who cause damage to rental units, including ineligibility to further participate in rental subsidy programs; and examine the issue of HCDCH reimbursing landlords for property damage in cases where the subsidy recipient has no assets and the landlord has received a court judgment.

Ongoing communication and discussions continue among various entities resulting in effective use of resources to meet the priorities outlined in the Consolidated Plan. In the homeless area, the State continued to provide for staffing of the Homeless Programs Branch, which manages State allocations of stipend, outreach and grants as well as federal ESG, HOPWA and Shelter Plus Care programs.

The State and the Counties collaborated in the effort to contract for a Homeless Needs Assessment, Housing, and Analysis of Impediments Studies. The studies will provide the information needed for the 2005 to 2009 Consolidated Plan.

The State and the Counties also collaborated with other private and public entities to contract for the Hawaii Housing Policy Study, 2003, to provide information needed for the 2005 to 2009 Consolidated Plan and other planning efforts.

The State also assists to build non-profit developer capacity through the provision of capacity building grants from the Rental Housing Trust Fund.

I. Lead-Based Paint Hazards

The HCDCH also continued to abate lead-based paint at three Federal public housing projects: Lanakila Homes Phase 2a (County of Hawaii); Waimaha Sunflower Phases 2 and 3; Kalihi Valley Homes Phase 2 and Maili 1 in the City and County of Honolulu.

J. Reduce Number of Families in Poverty

The State's strategy to reduce the number of poverty level families was to (a) meet basic subsistence requirements for those in need, (b) strengthen and preserve families, and (c) support self-empowerment.

The Department of Human Services continues to implement its policy that requires adults who are receiving financial assistance under the Temporary Assistance to Needy Families (TANF) or Temporary Assistance to Other Needy Families (TAONF) to participate in work programs. Non-compliance with the work program results in a full-household termination of assistance. Also, every work mandatory adult who has received assistance for at least 24 months must participate in a work activity. The adult must participate in an activity for each month he or she receives financial assistance after month twenty-four. Failure to do so will make the entire household ineligible.

K. Certifications of Consistency

In addition to the HOME, HOPWA, and ESG funds the State receives from HUD, there are other national competitive grants awarded by HUD. These grants require that the applicant attach a Certification of Consistency from the State or County which certifies that the proposed project is consistent with the County's Consolidated Plan.

The State did not provide any certifications for consistency with the priorities of the State Consolidated Plan during the July 1, 2003 to June 30, 2004 period.

IV. IDIS REPORTS

The following CAPER IDIS Reports are required to be submitted to HUD as part of the CAPER process. These documents are available for review upon request and are as follows:

PR03 – Activity Summary for Grantees

PR06 – Summary of Consolidated Plan Projects for Report Year

HOME Reports

PR22 – Status of HOME Activities

PR23 – Summary of Accomplishments

PR25 – Status of CHDO Funds by Fiscal Year

PR27 – Status of HOME Grants

PR33 – HOME Match Liability Report

ESG Reports

PR19 – ESG Program Grantee Statistics for Program Year

PR20 – ESG Grantee Activity Summary

To request a specific report or any other information on this report, please call or write to :

Housing and Community Development Corporation of Hawaii

Attn: Planning and Evaluation Office

677 Queen Street, Suite 300

Honolulu, Hawaii 96813

Phone: 808/587-0639

Fax: 808/587-0600

Email: hcdch@hcdch.hawaii.gov

APPENDIX A

Description of Government and Private Resources

Appendix A: Resources Available to the State for Use in Meeting Strategic Planning Goals

Federal Resources

HOME - The HOME Investment Partnerships program is intended to be a locally designed and administered program which: expands the supply of decent, safe, affordable, and sanitary housing, with primary attention to low-income rental housing; strengthens the abilities of state and local governments to design and implement affordable housing strategies; and provides both federal financing and technical assistance (including the development of model programs and approaches). The program is also intended to provide local jurisdictions with a source of funds which can be used to implement locally designed housing programs which best fit local needs. *Activity: Rehabilitation, new construction, rental assistance, home buyer assistance*

Emergency Shelter Grants (ESG) - Emergency Shelter Grants may be used to renovate, rehabilitate, or convert buildings to be used as emergency shelters; to provide essential services (employment, health, drug abuse, or education); and to provide maintenance, operation, insurance, utilities, and furnishings for these facilities. *Activity: Operations, essential services, prevention*

HOPWA Program - The Housing Opportunities for Persons with AIDS (HOPWA) program is authorized by the AIDS Housing Opportunity Act (AHOA) and amended by the Housing and Community Development Act of 1992. The program is designed to provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with acquired immunodeficiency syndrome (AIDS) or related diseases and their families. The program authorizes entitlement grants and competitively awarded grants for housing assistance and services.

Since the State qualifies for a formula allocation on behalf of the State's rural counties, the consolidated plan describes the planning process with care provider input. Moneys are available both on a formula and competitive basis. Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the Federal Register. Jurisdictions that do not qualify for formula grants are eligible to apply for competitive grants for the development of comprehensive, long-term strategies to address HIV/AIDS and homelessness. Additionally, jurisdictions that do qualify for formula grants may also apply for competitive grants for programs that address needs that are unmet by formula grants. *Activities: Rental housing assistance and support services.*

HOPE VI - Addresses public housing demolition, site revitalization, and replacement housing. Funds are awarded on a competitive basis and are available to public housing agencies that own or operate public housing units. The program will fund demolition, substantial rehabilitation, reconfiguration and/or replacement of severely distressed housing units, revitalization of the site, provision of replacement housing, management

improvements, resident self-sufficiency programs, provision of tenant-based assistance and assistance to tenants displaced by demolition. HCDCH is applying for HOPE VI funds for the revitalization of the Kuhio Park Terrace public housing project located in Kalihi-Palama on Oahu. *Activity: Rehabilitation, new construction, rental assistance, supportive services*

CDBG Program - Community Development Block Grants are provided to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. *Activity: Rehabilitation, new construction*

Capital Fund - The Capital Fund Program was established by the Quality Housing and Work Responsibility Act of 1998. The Act amended section 9 of the U.S. Housing Act of 1937 to provide a “capital fund” for the purpose of making assistance available to public housing agencies to carry out capital and management activities. The Capital Fund Program is a block allocation of funds by formula to public housing agencies regardless of size. The money under this program is used by the agencies to raze, develop, modernize, and/or manage public housing units. *Activity: Rehabilitation, new construction*

Resident Opportunity and Self Sufficiency Program (ROSS) - These programs utilize HUD funds to address the needs of public housing residents by providing supportive services that will enable the linking of essential services to public housing residents, provide resident empowerment activities and assistance in becoming economically self-sufficient, provide resources to enhance independent living for the elderly and persons with disabilities, provide capacity building for resident organizations, and improve the overall quality of life for public housing residents. *Activity: Supportive services*

Supportive Housing Program, 24 CFR Part 583 - The Supportive Housing Program is authorized by Title IV of the Stewart B. McKinney Homeless Assistance Act. The Supportive Housing Program is designed to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons to enable them to live as independently as possible. Additionally, the program includes safe haven projects which is designed to provide a safe residence for homeless persons with serious mental illness who are currently residing primarily in public or private places not designed for, or ordinarily used as a regular sleeping accommodation, and who have been unwilling or unable to participate in mental health or substance abuse treatment programs or to receive other supportive services.

Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the Federal Register. All States, units of local government, and non-profit organizations are eligible to apply for competitive grants. *Activities: Acquisition, rehabilitation, new construction, and supportive services.*

Single Room Occupancy (SRO), 24 CFR Part 882 - The purpose of Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) Dwellings for Homeless Individuals is to provide rental assistance for homeless individuals in rehabilitated SRO housing. The Section 8 assistance is in the form of rental assistance payments. These payments equal the rent for the unit, including utilities, minus the portion of the rent payable to the tenant under the U.S. Housing Act of 1937.

Competitive grants are awarded based on applications submitted in response to a Notice of Funding Availability published in the *Federal Register*. All States, units of local government, and non-profit organizations are eligible to apply for competitive grants to fund projects of national significance. *Activity: Rental assistance.*

Low Income Housing Tax Credits - The federal Low-Income Housing Tax Credit (LIHTC) Program provides \$1.75 in tax credits per capita per annum. This program enables developers to utilize the sale of tax credits as a source of equity financing for low-income rental housing projects. The State was allocated \$2.4 million in federal tax credits for FY 2003 and awarded \$948,427 in tax credits. *Activity: New construction, acquisition, rehabilitation*

Section 8 Housing Choice Vouchers - The Section 8 Housing Choice Voucher Program is a federally-funded rent subsidy program. Eligible participants receive rent subsidies (in the form of Section 8 certificates or vouchers) to live in private sector housing units. *Activity: Rental assistance, homeownership for eligible first-time homebuyers*

Section 202 - Supportive Housing for the Elderly provides assistance to expand the supply of housing with supportive services for the elderly. *Activity: Rehabilitation, new construction*

Section 811 - Section 811 Supportive Housing for Persons with Disabilities Program provides funding to expand the supply of specially designed housing with supportive services for persons with disabilities. *Activity: New construction*

Permanent Housing for Persons with Disabilities - Grants to states on behalf of project sponsors, private nonprofit organizations or public housing authorities, to defray the cost of acquiring and/or rehabilitating existing buildings for permanent housing for up to eight homeless persons with disabilities; direct payments to fund a portion of annual operating costs and support services for up to five years. *Activity: Acquisition, rehabilitation*

Transitional Housing - Grants to public and private nonprofit entities to defray the cost of acquiring and/or rehabilitating existing buildings to house and provide supportive services to homeless persons; direct payment to fund a portion of annual operating costs, child care, employment assistance programs, and other supportive services for up to five years. *Activity: Acquisition, rehabilitation, support services*

Shelter Plus Care - The purpose of this program is to provide rental housing assistance in connection with supportive services funded from other sources to homeless persons with

disabilities, such as serious mental illness, chronic problems with alcohol, drugs, or both, or AIDS and related diseases. To the extent practicable, at least 50% of all funds are to be reserved for homeless individuals who are seriously mentally ill or have chronic alcohol or drug abuse problems. *Activity: Rental assistance*

Youthbuild - Youthbuild provides grants on a competitive basis to non-profit organizations to assist high-risk youth between the ages of 16-24 to learn housing construction job skills and to complete their high school education. Program participants enhance their skills as they construct and/or rehabilitate affordable housing for low- and moderate-income persons. *Activity: Rehabilitation, new construction, support services*

U.S. Department of Agriculture - Rural Development (formerly Farmers Home Administration) - USDA-RD Section 502 Single Family Home Ownership Program - provides eligible persons who will live in rural areas an opportunity to obtain adequate but modest, decent, safe, and sanitary dwellings and related facilities through the provision of guaranteed loans and low-interest rate mortgage financing. Loans are also available to participants in mutual self-help housing programs. *Activity: Homebuyer assistance*

USDA-RD Section 523 Technical Assistance Grants for Administering a Mutual Self-Help Housing Program - provides qualified public and private non-profit organizations with financing for effective programs of technical and supervisory assistance to help low-income families build homes in rural areas by self-help method. *Activity: New construction*

USDA-RD Section 504 Home Improvement Loans and Grants - provides improvement loans to people who may not need or cannot afford a new house, but need some work done on their present house to bring it up to minimum standards. Loans and grants are also provided to homeowners to remove health or safety hazards from their dwelling. Grants are made only to low-income elderly homeowners, 62 years or older. *Activity: Rehabilitation*

USDA-RD Section 515 Rural Rental Housing Program - provides loans for rental housing in rural areas for persons with very-low, low and moderate-incomes and for those age 62 and older. Loans are primarily made to build, purchase, or repair apartment-type housing, usually consisting of duplexes, garden-type, or similar multi-unit dwellings. The housing must be modest in size, design, and cost, but adequate to meet the tenant's needs. The program also provides rental assistance to extremely low-income tenants. *Activities: New construction, acquisition, rehabilitation, rental assistance*

USDA-RD Section 533 Housing Preservation Grants - provides public bodies and qualified non-profits with grants to conduct a housing preservation program benefiting the extremely low- and low-income rural residents. *Activity: Rehabilitation*

Federal Home Loan Bank of Seattle (FHLB) is a private, wholesale bank serving lenders in the 12th District, which includes Alaska, Hawaii, Idaho, Montana, Oregon, Utah,

Washington, Wyoming, and the Territory of Guam. The FHLB offers two specially-priced advance programs to member financial institutions that, in turn, are used to fund qualifying developments or home purchases.

- a. Affordable Housing Program: Under this program, FHLB sets aside 5% of its net income to assist qualifying programs to provide homeownership which is affordable to households earning 80% of the median income or below, at least 20% of which is affordable to households earning 50% of the median or below. *Activity: Homebuyer assistance*
- b. Community Investment Fund: Under this program, FHLB advances credit at its cost of funds to lenders to finance affordable housing and community development, including rental or owner housing affordable to households earning 115% of the area median income or below or commercial development in low- and moderate-income neighborhoods or that benefits low- and moderate-income households. *Activities: New construction, acquisition, rehabilitation, homebuyer assistance*

Private and Non-Federal Public Resources

- Private Resources

Financial institutions play an important role in the financing of affordable housing projects. Major activities being undertaken by private lenders include: (1) origination and servicing of Hula Mae mortgage loans for qualified first-time homebuyers; (2) servicing of State-funded low-interest loans for self-help housing projects; (3) formation and funding of a consortium of banks and savings and loan institutions to provide below-market interest rate loans to finance affordable rental projects (see Hawaii Community Reinvestment Corporation under non-profits below); and (4) participation in the financing of various affordable housing projects in compliance with the Community Reinvestment Act (CRA). Increased activity by the financial institutions is anticipated as a result of CRA requirements. *Activity: Acquisition, new construction, homebuyer assistance*

Private Funds such as private donations, in-lieu developers' fees, and private foundations are sources of private moneys which will be used to help finance the development of affordable housing. *Activity: Acquisition, rehabilitation, new construction*

Private lands - Private developers are playing an increasing role in the provision of affordable housing opportunities. Developers/landowners may dedicate developable land to support the construction of affordable housing. Developers also set aside a portion of their newly-constructed housing units for affordable housing. *Activity: New construction*

The Hawaii Community Reinvestment Corporation (HCRC) is a private, non-profit entity with a purpose of providing financing and technical assistance to facilitate the development of affordable rental housing. Twenty-one Hawaii financial institutions came together in 1991 to create a committed partnership. (Due to bank consolidations,

there are currently nine financial institutions.) Its \$50 million loan pool is funded by its members, all of whom participate in each HCRC loan. Each loan is secured by a mortgage on the property being financed. Once in place, the loans have been sold on the secondary market to allow the funds to be recycled by HCRC in order to fund future projects. Recycling has allowed HCRC to loan \$76 million to date with its \$50 million loan pool.

The HCRC conducts quarterly seminars on a range of topics dealing with rental housing including financing options available, making application for tax credits and managing tax credit projects. HCRC also provides consulting services to assist developers to obtain funding via tax credit applications, Rental Housing Trust Fund applications, and Federal Home Loan Bank grants.

Additionally, the HCRC created a low-income housing tax credit equity fund, wherein HCRC will serve as the syndicator for developers who receive an allocation of low-income housing tax credits for projects located in the state. The Hawaii Affordable Housing Fund I and Fund II (Funds) have raised nearly \$40 million and a third fund is in organization. HCRC's subsidiary, the Hawaii Investors for Affordable Housing, Inc. is the general partner of the Funds and has the responsibility of seeking out tax credit projects which the Funds can purchase. The purchase price paid by the Funds represents cash equity to the developer to help fill the gap between the project cost and the supportable debt. *Activity: Acquisition, rehabilitation, new construction*

Private Foundations, such as the Harry and Jeannette Weinberg Foundation and the Consuelo Foundation provide grants to help finance affordable housing projects. *Activity: Acquisition, rehabilitation, new construction, rental assistance, homeless assistance, homeless prevention*

Faith-based Organizations have traditionally been on the cutting edge of the homeless issue. Today, all of the major homeless shelters statewide have roots in church based efforts: The Institute for Human Services and the Catholic Church. There are broader church strategies which include establishing eviction prevention funds, resettling families with temporary church housing, subsidizing rents and leases, and developing rental properties and housing for sale. The churches will continue to play a major role in housing the State's homeless. *Activity: Acquisition, rehabilitation, new construction, rental assistance, homeless assistance, homeless prevention*

- Non-Federal Public Resources

State Dwelling Unit Revolving Fund (DURF) is used primarily for interim construction financing of housing projects. Funds are extremely limited. *Activity: New construction, rehabilitation*

State Low-Income Housing Tax Credits - The State allocates low income housing tax credits equivalent to 30% of the federal credit on an annual basis. Approximately

\$600,000 is available each year in State credits. *Activity: Acquisition, rehabilitation, new construction*

State CIP Funds - Legislative appropriations for the development of State low-rent public housing projects serve to complement the Federal public housing program. State CIP funds are also appropriated for elderly housing, Department of Hawaiian Home Lands projects, and the acquisition and renovation and development of housing for SDMI clients. *Activity: Acquisition, rehabilitation, new construction*

State Grant-in-Aid Funds - Legislative appropriations for non-profit organizations to assist in various types of affordable housing programs. *Activity: Acquisition, rehabilitation, new construction*

State Rental Assistance Program encourages private sector participation in the development and preservation of rental housing projects. Rental subsidies averaging \$175 per month are committed to qualified projects (which set aside units affordable to households earning up to 80% of the area median income. The 1992 State Legislature amended this program to allow for other uses of the funds (see Rental Assistance Revolving Fund, below). A limitation was set as to the maximum commitments and contracts HCDCH could enter into, and this limit has been reached. Until the existing contracts expire or a new limit is passed by the Legislature, no new commitments will be made under this program. *Activity: Rental assistance*

Rental Assistance Revolving Fund. In 1992, the State Legislature set aside \$25 million from the Rental Assistance Program for the purpose of providing interim construction loans for rental projects. An additional \$25 million in taxable bonds may be issued to increase the fund to a total of \$50 million. Loans of up to \$10 million per project may be made at an interest rate of 4-5% and 1 point. Rental projects must meet one of the following criteria:

- At least 20% of the units for individuals earning up to 50% of the median income;
- At least 40% of the units for individuals earning up to 60% of the median income; or
- At least 60% of the units for individuals earning up to 140% of the median income.

Primary preference is for private non-profit and for-profit developers. *Activity: New construction, rehabilitation*

Rental Housing Trust Fund was created by the State Legislature in 1992 to provide loans or grants for the development, pre-development, construction, acquisition, preservation, and substantial rehabilitation of rental housing. At least 50% of the units are to be set aside for persons and families with incomes at or below 60% of the median income at the time of admission. At least 10% of the units are to be set aside for persons and families with incomes at or below 30% of the median income at the time of admission. The

remaining units must be for persons or families with incomes at or below 100% of the median income at the time of admission. Act 216, 1998 Session Laws of Hawaii, requires that 10% of the available units and 33.33% of the trust funds be allocated to projects for families with incomes at or below thirty percent of the area median income.

Activity: Acquisition, rehabilitation, new construction

The Hula Mae Multi-Family Bond Program provides private developers/owners of rental housing with interim and permanent financing at below-market interest rates through the issuance of tax-exempt revenue bonds. To be eligible, the rental projects must reserve at least 20% of their units for tenants whose incomes are less than 50% of the area median income, or 40% of the units for tenants whose incomes are less than 60% of the area median. The developer/owner must agree to keep the project in compliance with these requirements for the term of the loan. *Activity: Acquisition, rehabilitation, new construction*

Hula Mae Single Family Mortgage Purchase Program. This program provides below-market interest rate mortgage loans for first-time homebuyers through the sale of tax-exempt revenue bonds. *Activity: Homebuyer assistance*

Exemption from the State's 4% general excise tax (GET) may be provided to qualified persons and firms involved with the design, construction, sale or lease of an eligible affordable housing project developed by or for the HCDCH, the counties, or other government entity. Rental income received on affordable units may also be exempted from the 4% GET. *Activity: New construction, rehabilitation*

Mortgage Credit Certificate Program. This program provides federal tax credits to eligible borrowers, making more income available both to qualify for a mortgage loan and make monthly payments. *Activity: Homebuyer assistance*

State Rent Supplement Program. This program is a State-funded program which provides participants with subsidies to live in private sector housing units. The subsidy is intended to provide supplemental rental assistance not to exceed \$160 per month per family. Criteria for participation include income limits (based on family size) and occupancy standards (based on family definition) which have been established by the State Legislature. Families may earn up to 50% of the median income. *Activity: Rental assistance*

State Homeless Shelter Stipend Program. The Stipend program assists provider agencies in paying for costs involved in providing shelter and services to eligible homeless families and individuals. The goal of the program is to assist and enable homeless people to obtain and retain permanent housing and to live as independently as possible. Approximately \$3.7 million is anticipated to be available for fiscal year 2002. *Activity: Homeless assistance*

State Homeless Outreach Program. This program makes available intake and referral services and other needed basic services to the unsheltered homeless who might not

otherwise receive assistance. The goal of the Outreach program is to assist unsheltered homeless persons to progress toward a healthier, more stable living condition with the ultimate goal of permanent housing and self-sufficiency. Approximately \$1,600,000 is anticipated to be available for fiscal year 2002. *Activity: Homeless assistance*

State Homeless Emergency Loans and Grants Program. This program makes available to eligible homeless families and persons program assistance to prevent, avoid, or remedy homelessness and its associated dangers. The goals of the Grant Program include preventing at-risk homeless persons from becoming homeless, assisting homeless persons with housing, food, medical, first month's rent or rental deposit, and other types of expenses arising from emergency needs, and addressing the long-term stability of the participant. Approximately \$1,000,000 is anticipated to be available for fiscal year 2002. *Activity: Homeless assistance, homeless prevention*

State Department of Defense, Office of Veterans Service - provides advocacy services to assist homeless veterans to file claims and appeals for financial compensation and medical care. *Activity: Homeless assistance, support services*

County Funds are used to finance various housing projects, either singly or as a supplement to State and/or federal funding. *Activity: Acquisition, rehabilitation, new construction, homebuyer assistance, rental assistance, homeless assistance, homeless prevention*

APPENDIX B

Geographic Distribution of Resources Maps

APPENDIX C

HOME Match Report

APPENDIX D

HOPWA Performance Charts 1 and 2

APPENDIX E
ESG Financial Status Report
Grantee ESG Expenditures

APPENDIX F

HUD Annual Community Assessment

Program Year: July 1, 2001-June 30, 2002



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CORPORATION, OF HAWAII

U.S. Department of Housing and Urban Development
Honolulu Field Office - Region IX
500 Ala Moana Boulevard, Suite 3A
Honolulu, Hawaii 96813-4918
www.hud.gov
espanol.hud.gov

2003 DEC 26 A 9:39 December 24, 2003

Honorable Linda Lingle
Governor
State of Hawaii
415 S. Beretania Street, 5th Floor
Honolulu, HI 96813

Dear Governor Lingle:

SUBJECT: Annual Community Assessment Report Program Year 2002

Enclosed is our Annual Community Assessment Report on the State of Hawaii's performance in Program Year 2002 for its Community Planning and Development (CPD) Programs. Overall, the report reflects the State is implementing its CPD Program effectively and the programs are benefiting low- and moderate-income families.

The State's success in implementing its CPD programs is in large part directly related to the staff assigned the responsibility for implementing the Consolidated Plan, HOME Investment Partnerships (HOME) Program and Homeless Programs. They are a pleasure to work with and a credit to the State's community development efforts.

In closing, if the State wishes to comment on the report please provide its comments within 30 days of the date of this letter. If the State does not desire to comment on the report or fails to comment within the time frame identified above, please consider the report final and make it available to the public using your standard notification process. Should you have any questions regarding our comments, please call me at 522-8180, extension 264, or Ms. Lee Jennings, Community Planning and Development Representative, at the same number, extension 265.

Sincerely,

Mark A. Chandler, Director
Office of Community Planning
and Development

Enclosure

cc:
Ms. Stephanie Aveiro
Executive Director
Housing and Community Development
Corporation of Hawaii
P.O. Box 17907
Honolulu, HI 96817

ANNUAL COMMUNITY ASSESSMENT REPORT

State of Hawaii

2002 Program Year: July 1, 2002 to June 30, 2003

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Community Planning and
Development Representative
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State Point of Contact:

Ms. Stephanie Aveiro
Executive Director
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of Hawaii
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Introduction

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require federal grant recipients receiving federal assistance to submit an annual performance report disclosing the status of grant activities. The Department of Housing and Urban Development (HUD) is required at 24 CFR 91.525 to determine whether the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. In accordance with 24 CFR 91.525, our comments below incorporate our assessment of the State of Hawaii's (State) Program Year 2002 performance.

In assessing the State's performance, we relied primarily upon the State's September 26, 2003, Consolidated Annual Performance and Evaluation Report (CAPER). During this period, the State generally met the intent of the Community Planning and Development (CPD) programs. Based on the State's accomplishments through the HOME Investment Partnerships Program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons With AIDS (HOPWA) programs, the State has demonstrated its ability to carryout various housing and community development programs.

Significant Performance Conclusions

The State has effectively allocated the State's HOME Investment Partnerships Program (HOME) funds to each of the neighbor island Counties. The State's process allows each County to develop projects and activities that meet both State and County goals and needs. As part of this process the State requires each County to enter into a State Recipient agreement and reviews and approves each project proposed by the Counties. To ensure program compliance the State closely monitors the HOME program by conducting periodic on-site monitoring and property inspections. The State's successful implementation of this process has ensured Hawaii's low-income citizens are benefited and HOME program objectives are achieved.

This year the State was not able to meet its goal of preserving existing affordable rental housing stock of 21 units per year. However, with the completion of an additional 9 rental projects, the State will meet and/or exceed its five-year goal of 105 units. Overall, the State's CPD Programs are a success and the State is commended on its overall CPD Program management,

CPD Programs

HOME

The State received about \$3,000,000 in HOME funds and allocated these funds to the Counties. HOME funds are required to be committed within 24 months and expended within 60 months of the grant award. Failure to commit and expend funds within the required time period will result in the deobligation of the funds. The State is currently meeting its HOME commitment and expenditure requirements as calculated by HUD. The State complied with the required HUD regulations at 24 CFR 92.504(d)(1) by conducting on-site inspections of its HOME projects. The State's CAPER included information regarding the inspections with additional information on monitoring. The monitoring review verified that all grantees are in compliance and meeting the requirements of affirmative marketing procedures.

Emergency Shelter Grant

The State received \$175,000 in Program Year 2002 for the Emergency Shelter Grant program. The funds were allocated to activities located in the Counties of Hawaii, Kauai, and Maui as described in the Annual Action Plan. We encourage the State to continue its support of homeless providers.

The State contracted with 11 agencies under the State Stipend Program to operate 27 emergency and transitional homeless shelters as part of the State ESG matching its limited funds. Overall, the State is successfully matching its limited federal homeless resources with state resources. We congratulate the State on its successful effort to leverage federal and state resources.

HOPWA

The State received \$160,000 in Program Year 2002 for the HOPWA program. Through the Maui AIDS Foundation (MAF), funds were coordinated between the Big Island AIDS Project, the West Hawaii AIDS Foundation and Malama Pono on Kauai. MAF successfully provides long and short-term rental assistance for persons with HIV/AIDS.

We note the State has indicated a shortage of HIV/AIDS physicians on the neighbor islands and is seeking opportunities to provide housing assistance to the clients where

medical treatment is needed on Oahu. HUD is available to provide assistance in this area as needed. We encourage the State to look at opportunities to work with HUD and the City and County of Honolulu to address its HOPWA client issue.

Continuum of Care

The State continues to develop its Continuum of Care (CoC) program. As the lead agency for Hawaii's homeless programs, the Housing and Community Development Corporation of Hawaii (HCDCH) continues to perform well coordinating the program. HCDCH is an active partner in the CoC planning groups for the rural counties and coordinates services to provide shelter, job training, case management and services for Special Needs. The State staff is commended for its efforts in coordinating the priority needs and objectives of the Consolidated Plan for multiple island-wide projects.

Community Empowerment

The State provided opportunities for citizen participation during the development of the CAPER. The CAPER was made available in libraries Statewide and at the County Housing Offices on Hawaii, Kauai and Maui. Despite the opportunities available for public participation, no comment was received. We strongly encourage the State to continue its efforts to foster public participation and encourage the State to explore additional opportunities to involve the public in its planning process.

Management of Funds

We note that the State identified problems with IDIS. HUD is in the process of coordinating IDIS Technical Assistance. We believe the assistance will improve HCDCH's ESG and HOPWA grant and fund management information. We have requested training for our grantees on IDIS and will schedule a training session in the near future. In the meantime, we recommend that the State develop a method to reconcile ESG funds between IDIS and its financial reports.

Areas for Improvement and Recommendations

The State should implement internal controls that can ensure the accuracy of ESG financial reports. We recommend the State establish a timeframe with its ESG grantees to provide administrative reports in a timely manner. We also encourage the State to continue its efforts to provide detailed information to its citizens of the success of its CPD programs.

CAPER Submission

The CAPER submission was thorough and informative, and consistent with the HUD reporting requirements. We commend the State for its efforts to submit a complete CAPER.

Fair Housing & Equal Opportunity

The CAPER was reviewed by Mr. Jelani Madaraka, Lead Equal Opportunity Specialist, HUD Hawaii State Office for compliance with Fair Housing and Equal Opportunity (FHEO) requirements. He provided the following comments:

- Overall, the State's narrative statement summarizing its actions to identify and eliminate impediments to fair housing choice was acceptable. FHEO's review noted that the State's submission identified actions taken by the County of Hawaii to affirmatively further fair housing. Also the State provided HUD with more detailed information regarding how their actions are distinctively linked to eliminating specific impediments identified in their Analysis of Impediments (AI).
- Please provide our office with a copy of the final AI that was updated in June 2003.
- The State is encouraged to report on assistance given to persons with disabilities.
- The State provided satisfactory information concerning its affirmative marketing actions and outreach to minority-owned and women-owned businesses. Similarly, the data the State provided regarding the minority and non-minority characteristics of the Consolidated Plan recipients was acceptable.

If you have any questions regarding FHEO's comments, please contact Mr. Madaraka at (808) 522-8182, extension 269.

Conclusion

Overall, the State is meeting its community needs by planning and executing a Consolidated Plan and CoC program covering the Counties of Hawaii, Kauai and Maui. The State coordinates with the Counties to plan, develop, and implement the HOME, ESG, and HOPWA programs. We are pleased to recognize the commitment of the State HOME and Homeless Program staff. They are an asset to the State and HUD's CPD programs.